

**ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

May 7, 2021

8:03 a.m.

DRAFT

MEMBERS PRESENT

Representative Zack Fields, Co-Chair
Representative Ivy Spohnholz, Co-Chair
Representative Calvin Schrage
Representative Liz Snyder
Representative David Nelson
Representative James Kaufman
Representative Ken McCarty

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 40

"An Act relating to veterans' benefits services and veterans' benefits appeal services."

- MOVED SB 40 OUT OF COMMITTEE

HOUSE BILL NO. 44

"An Act relating to the practice of accounting."

- HEARD & HELD

HOUSE BILL NO. 176

"An Act relating to insurance; relating to direct health care agreements; and relating to unfair trade practices."

- HEARD & HELD

HOUSE BILL NO. 58

"An Act relating to insurance coverage for contraceptives and related services; relating to medical assistance coverage for contraceptives and related services; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 40

SHORT TITLE: VETERANS' BENEFITS SERVICES; DISCLOSURE

SPONSOR(s): SENATOR(s) REVAK

01/25/21	(S)	PREFILE RELEASED 1/15/21
01/25/21	(S)	READ THE FIRST TIME - REFERRALS
01/25/21	(S)	STA, L&C
03/04/21	(S)	STA AT 3:30 PM BUTROVICH 205
03/04/21	(S)	Heard & Held
03/04/21	(S)	MINUTE(STA)
03/11/21	(S)	STA AT 3:30 PM BUTROVICH 205
03/11/21	(S)	Heard & Held
03/11/21	(S)	MINUTE(STA)
03/18/21	(S)	STA AT 3:30 PM BUTROVICH 205
03/18/21	(S)	Moved SB 40 Out of Committee
03/18/21	(S)	MINUTE(STA)
03/19/21	(S)	STA RPT 4DP
03/19/21	(S)	DP: SHOWER, HOLLAND, COSTELLO, REINBOLD
03/19/21	(S)	OBJECTION (REGARDING REPORTING OUT OF COMMITTEE PROCESS)
03/19/21	(S)	POSTPONE QUESTION TO MARCH 24 Y14 N2 E3 A1
03/22/21	(S)	OBJECTION WITHDRAWN (REGARDING REPORTING OUT OF COMMITTEE PROCESS)
03/29/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/29/21	(S)	Moved SB 40 Out of Committee
03/29/21	(S)	MINUTE(L&C)
03/31/21	(S)	L&C RPT 5DP
03/31/21	(S)	DP: COSTELLO, REVAK, GRAY-JACKSON, HOLLAND, STEVENS
04/09/21	(S)	TRANSMITTED TO (H)
04/09/21	(S)	VERSION: SB 40
04/12/21	(H)	READ THE FIRST TIME - REFERRALS
04/12/21	(H)	MLV, L&C
04/22/21	(H)	MLV AT 1:00 PM GRUENBERG 120
04/22/21	(H)	Heard & Held
04/22/21	(H)	MINUTE(MLV)
04/27/21	(H)	MLV AT 1:00 PM GRUENBERG 120
04/27/21	(H)	Moved SB 40 Out of Committee
04/27/21	(H)	MINUTE(MLV)
04/28/21	(H)	MLV RPT 6DP
04/28/21	(H)	DP: CLAMAN, RAUSCHER, TARR, STORY, NELSON, TUCK
05/03/21	(H)	L&C AT 3:15 PM BARNES 124

05/03/21 (H) Heard & Held
05/03/21 (H) MINUTE(L&C)
05/07/21 (H) L&C AT 8:00 AM GRUENBERG 120

BILL: HB 44

SHORT TITLE: PRACTICE OF ACCOUNTING; LICENSURE

SPONSOR(s): REPRESENTATIVE(s) THOMPSON

02/18/21 (H) PREFILE RELEASED 1/8/21
02/18/21 (H) READ THE FIRST TIME - REFERRALS
02/18/21 (H) STA, L&C
03/11/21 (H) STA AT 3:00 PM GRUENBERG 120
03/11/21 (H) Heard & Held
03/11/21 (H) MINUTE(STA)
03/16/21 (H) STA AT 3:00 PM GRUENBERG 120
03/16/21 (H) Heard & Held
03/16/21 (H) MINUTE(STA)
03/23/21 (H) STA AT 3:00 PM GRUENBERG 120
03/23/21 (H) Moved CSHB 44(STA) Out of Committee
03/23/21 (H) MINUTE(STA)
03/24/21 (H) STA RPT CS(STA) 6DP 1AM
03/24/21 (H) DP: CLAMAN, STORY, KAUFMAN, VANCE,
TARR, KREISS-TOMKINS
03/24/21 (H) AM: EASTMAN
05/03/21 (H) L&C AT 3:15 PM BARNES 124
05/03/21 (H) Heard & Held
05/03/21 (H) MINUTE(L&C)
05/07/21 (H) L&C AT 8:00 AM GRUENBERG 120

BILL: HB 176

SHORT TITLE: DIRECT HEALTH AGREEMENT: NOT INSURANCE

SPONSOR(s): REPRESENTATIVE(s) RASMUSSEN

04/16/21 (H) READ THE FIRST TIME - REFERRALS
04/16/21 (H) L&C, HSS
05/03/21 (H) L&C AT 3:15 PM BARNES 124
05/03/21 (H) Heard & Held
05/03/21 (H) MINUTE(L&C)
05/07/21 (H) L&C AT 8:00 AM GRUENBERG 120

BILL: HB 58

SHORT TITLE: CONTRACEPTIVES COVERAGE;INSURE;MED ASSIST

SPONSOR(s): REPRESENTATIVE(s) CLAMAN

02/18/21 (H) PREFILE RELEASED 1/15/21
02/18/21 (H) READ THE FIRST TIME - REFERRALS
02/18/21 (H) HSS, L&C

04/15/21	(H)	HSS AT 3:00 PM DAVIS 106
04/15/21	(H)	Heard & Held
04/15/21	(H)	MINUTE(HSS)
04/20/21	(H)	HSS AT 3:00 PM DAVIS 106
04/20/21	(H)	Moved CSHB 58(HSS) Out of Committee
04/20/21	(H)	MINUTE(HSS)
04/22/21	(H)	HSS RPT CS(HSS) 5DP 2DNP
04/22/21	(H)	DP: FIELDS, SPOHNHOLZ, MCCARTY, ZULKOSKY, SNYDER
04/22/21	(H)	DNP: PRAX, KURKA
05/03/21	(H)	L&C AT 3:15 PM BARNES 124
05/03/21	(H)	<Bill Hearing Canceled>
05/07/21	(H)	L&C AT 8:00 AM GRUENBERG 120

WITNESS REGISTER

REPRESENTATIVE STEVE THOMPSON

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As prime sponsor, provided information during the hearing on HB 44.

SARA CHAMBERS, Director

Division of Corporations, Business, and Professional Licensing

Department of Commerce, Community, and Economic Development

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 44.

KAREN TARVER, CPA

Elgee Rehfeld, LLC

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 44.

CORI HONDOLERO, Executive Administrator

Board of Public Accountancy

Divisions of Corporations, Business, and Professional Licensing

Department of Commerce, Community, and Economic Development

Anchorage, Alaska

POSITION STATEMENT: Provided information during the hearing on HB 44.

LYNETTE BERGH, Staff

Representative Steve Thompson

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 44 on behalf of Representative Thompson, prime sponsor.

SPACIA STRALEY, CPA
Eagle River, Alaska

POSITION STATEMENT: Testified in support of HB 44.

KELLY WARD, CPA
Robinson and Ward
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 44.

KAREN TARVER, CPA
Elgee Rehfeld, LLC
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 44.

CRYSTAL KOENEMAN, Staff
Representative Sara Rasmussen
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information on HB 176 on behalf of Representative Rasmussen, prime sponsor.

JAY KEESE, Executive Director
Direct Primary Care Coalition
Washington, D.C.

POSITION STATEMENT: Presented a PowerPoint during the hearing on HB 176.

CLINT FLANAGAN, MD, Chief Executive Officer
Nextera Healthcare
Longmont, Colorado

POSITION STATEMENT: Answered questions during the hearing on HB 176.

LORI WING-HEIER, Director
Division of Insurance
Department of Commerce, Community, and Economic Development
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 176.

CLINT FLANAGAN, MD, Chief Executive Officer
Nextera Healthcare
Longmont, Colorado

POSITION STATEMENT: Testified in support of HB 176.

WADE ERICKSON, MD, Owner and Founder
Capstone Clinic
Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 176.

BETHANY MARCUM, Chief Executive Officer
Alaska Policy Forum
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 176.

ROSE LARSON
Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 176.

OAKLEY JACKSON
Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 176.

PORTIA NOBLE
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 176.

SARAH HETEMI
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 176.

CRYSTAL NYGARD, Deputy Administrator
City of Wasilla
Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 176.

SERENE O'HARA JOLLY
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 58.

MORGAN LIM
Planned Parenthood Alliance Advocates
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 58.

JAN CAROLYN HARDY
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 58.

PATTY OWEN, Policy and Advocacy Committee
Alaska Public Health Association

Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 58.

JACOB POWELL

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 58.

HEIDI ZIMMER

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 58.

LYNETTE PHAM

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 58.

CANDACE CAHILL

Denali, Alaska

POSITION STATEMENT: Testified in support of HB 58.

VALORRAINE DATTAN

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 58.

ELIZABETH FIGUS

Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 58.

KRISTIN MAHLEN

Cordova, Alaska

POSITION STATEMENT: Testified in support of HB 58.

GABE CANFIELD

Ketchikan, Alaska

POSITION STATEMENT: Testified in support of HB 58.

LIZZIE KUBITZ, Staff

Representative Matt Claman

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Provided information and answered questions during the hearing on HB 58 on behalf of Representative Claman, prime sponsor.

RENEE GAYHART, Director

Division of Health Care Services

Department of Health & Social Services

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 58.

ACTION NARRATIVE

[8:03:05 AM](#)

CO-CHAIR ZACK FIELDS called the House Labor and Commerce Standing Committee meeting to order at 8:03 a.m. Representatives Fields, Schrage, McCarty, and Snyder were present at the call to order. Representatives Spohnholz, Nelson, and Kaufman arrived as the meeting was in progress.

SB 40-VETERANS' BENEFITS SERVICES; DISCLOSURE

[8:03:34 AM](#)

CO-CHAIR FIELDS announced that the first order of business would be SENATE BILL NO. 40, "An Act relating to veterans' benefits services and veterans' benefits appeal services."

[8:03:55 AM](#)

CO-CHAIR FIELDS opened public testimony on SB 40. After ascertaining that no one wished to testify, he closed public testimony.

[8:04:19 AM](#)

REPRESENTATIVE SCHRAGE moved to report SB 40 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SB 40 was reported out of the House Labor and Commerce Standing Committee.

[8:04:47 AM](#)

The committee took an at-ease from 8:04 a.m. to 8:05 a.m.

HB 44-PRACTICE OF ACCOUNTING; LICENSURE

[8:05:42 AM](#)

CO-CHAIR FIELDS announced that the next order of business would be HOUSE BILL NO. 44, "An Act relating to the practice of accounting."

[Before the committee was CSHB 44(STA).]

8:05:58 AM

REPRESENTATIVE STEVE THOMPSON, Alaska State Legislature, as prime sponsor, shared that the proposed legislation would update Alaska's public accountancy statutes to bring Alaska more in line with national standards. The updates would help ensure a uniform approach to the regulation of accounting in Alaska, he said, which would protect the public's interest.

8:07:30 AM

REPRESENTATIVE MCCARTY referred to the term "mobility model," which would allow business entities outside the state to provide services within the state. He asked whether those out-of-state professions currently pay professional license fees as well as a business license fee.

REPRESENTATIVE THOMPSON deferred to Ms. Chambers.

8:08:40 AM

SARA CHAMBERS, Director, Division of Corporations, Business, and Professional Licensing (CBPL), Department of Commerce, Community, and Economic Development (DCCED), shared that other states that have implemented mobility measures have not experienced a meaningful increase in investigative expenses targeting out-of-state practitioners. She noted that only those out-of-state practitioners performing non-attestation functions would be able to practice without a license; anyone performing the higher-level attestation functions would be required to have a license within the state. She compared the proposed legislation to the Nurse Licensure Compact and said that of the 35 states that have adopted the compact, there have not been any reports of legitimate, demonstrable problems for the jurisdiction.

REPRESENTATIVE MCCARTY asked Ms. Chambers to clarify whether a professional licensed in another state could provide services in Alaska without paying licensing fees.

MS. CHAMBERS said, "Yes, that's what this bill is proposing under certain circumstances." She explained that not all out-of-state firms or individuals would be able to practice in Alaska without a license, but there are some practices that could take place with a business license but not a professional license.

REPRESENTATIVE MCCARTY asked whether Alaska would waive the fees for in-state licensees.

MS. CHAMBERS responded, "That is not my understanding." She explained that a professional's home state bears the responsibility for due diligence and ensuring public protection. A professional with an unencumbered license who meets the other standards within HB 44, she said, could practice within Alaska. She said the question of equity is addressed by allowing Alaskan licensees the privilege of practicing in other states.

REPRESENTATIVE MCCARTY wondered whether there is an agreement between Washington and Alaska regarding mobility.

MS. CHAMBERS responded that under a compact, like the Nurse Licensure Compact, there's a standard agreement adopted by the legislatures. Under the less formal "mobility model," she said, states which meet the national standards for requirements independently adopt the standards.

[8:15:18 AM](#)

REPRESENTATIVE THOMPSON reminded committee members that the purpose of the proposed legislation is to bring Alaska's statutes up-to-date in order to operate under the same national standards as other licensing jurisdictions.

[8:15:44 AM](#)

KAREN TARVER, CPA, Elgee Rehfeld, LLC, explained that the American Institute of Certified Public Accountants introduced the practice of "firm mobility" in 2014; since then, 30 of the 55 licensing jurisdictions have adopted it. She said that the model provides greater oversight by the jurisdictional licensing boards because a professional is subject to the regulations and statutes in the state in which the professional is providing services.

REPRESENTATIVE MCCARTY expressed the view that losing accreditation does not mean that an individual is no longer able to practice their profession. He then asked, "Where is the equitableness of this, and ... where's the arm of enforcement upon this?"

MS. TARVER responded, "The equity through firm mobility is that I, as an Alaska CPA, could provide services outside the state as

well [as] in a state that has firm mobility without having to get a permit in that state." The regulatory oversight, she said, is ultimately held by the licensee's home state; Alaska retains the ability to sanction an out-of-state licensee under Alaska's statutes and regulations. She added that there is a national database of CPAs, which facilitates a smooth process of information sharing.

REPRESENTATIVE MCCARTY expressed understanding of the equitable nature of the mobility model.

[8:22:11 AM](#)

CO-CHAIR SPOHNHOLZ asked for clarification on the enforcement mechanism.

[8:23:30 AM](#)

MS. CHAMBERS explained that the proposed legislation would provide explicit language stating that the board has the ability to relieve a practitioner of the right to practice within the state; the prohibition would be communicated through the national database to the licensee's home state.

CO-CHAIR SPOHNHOLZ asked Ms. Chambers to clarify whether Alaska would "rely on a national database to protect Alaskans from bad actors."

MS. CHAMBERS responded that the national database would let all of the other licensing jurisdictions know of the complaints against the individual. Alaska's licensing board would undertake a regular investigation.

CO-CHAIR SPOHNHOLZ stated that professional licensing is the enforcement mechanism in the state. She said that she doesn't understand what the enforcement mechanism is if, as a result of the proposed legislation, the state no longer requires licensing of accountants.

MS. CHAMBERS replied that there is a section in the proposed legislation that would specifically authorize the Board of Public Accountancy to prohibit someone with an out-of-state license from being able to practice in Alaska.

CO-CHAIR SPOHNHOLZ said, "We are, in fact, asking another state to enforce ... Alaskan licensing practice standards, by adopting this."

MS. CHAMBERS replied that the Board of Public Accountancy would be enforcing Alaska's practice standards by prohibiting the out-of-state individual from practicing within Alaska. She said that this prohibition would then be communicated to other states in a manner similar to what is currently done by other state licensing boards; in the health care profession, she said, a licensee who is disciplined is reported to the national database, and other states in which the practitioner is licensed may investigate the licensee for similar issues. She said that Alaska would be similarly reliant on other states to determine whether an accountant is qualified.

CO-CHAIR SPOHNHOLZ said that all healthcare practitioners are currently required to be licensed in Alaska, and that the state licensing board may revoke their license at any time. She suggested that the proposed legislation could mean that Alaska's licensees would be paying for enforcement against practitioners in another state. She expressed the belief that the proposed legislation would give other states control over Alaska licensing regulations.

[8:31:55 AM](#)

CO-CHAIR FIELDS asked for an example of an out-of-state practitioner being disciplined within their home state.

MS. CHAMBERS replied that the mechanism has been working for many years in other states that have adopted the firm mobility language.

[8:33:34 AM](#)

LYNETTE BERGH, Staff, Representative Steve Thompson, Alaska State Legislature, pointed out that Mr. Neill previously discussed a case in Washington. He also testified that the mobility method works, because other licensing jurisdictions are made aware of any disciplinary actions against a licensee.

CO-CHAIR FIELDS asked who operates the national database.

MS. CHAMBERS deferred to Ms. Hondolero.

[8:35:21 AM](#)

CORI HONDOLERO, Executive Administrator, Board of Public Accountancy, Divisions of Corporations, Business, and Professional Licensing, Department of Commerce, Community, and Economic Development, said that the National Association of State Boards of Accountancy runs the Accountancy Licensee Database (ALD), which 55 licensing jurisdictions participate in. She said that the investigator for Alaska's Board of Public Accountancy has access to the database.

CO-CHAIR FIELDS said, "I have no confidence that a state like Alabama would ever be capable of overseeing this or, frankly, any other, program." He hypothesized about a situation in which an Alabama licensee failed to live up to standards, and Alabama subsequently declined to discipline the licensee. He asked what recourse the Board of Public Accountancy would have.

MS. HONDOLERO replied that Alaska could issue a cease and desist order prohibiting the out-of-state practitioner from operating in Alaska.

CO-CHAIR FIELDS asked what legal threshold would need to be crossed in order to issue a cease and desist order if there is no proof of misbehavior in the licensee's home state.

[8:37:30 AM](#)

MS. CHAMBERS pointed out that the Board of Public Accountancy is constantly in the process of determining whether an individual should be allowed to practice in Alaska. In Representative Fields' example, she said, the board would independently determine whether the out-of-state practitioner was allowed to practice in Alaska. She said that, through use of the database, Alaska's board can be aware of any issues in other states and prohibit any individual from practicing within Alaska. She said that while a licensee's home state could act on the individual's license, Alaska's board would not be waiting for the other state to act and could issue a cease and desist order with no other information.

CO-CHAIR FIELDS asked whether there would be a mechanism to require that out-of-state licensees to pay a fee to stay in the system.

[8:40:33 AM](#)

REPRESENTATIVE THOMPSON said that those licensed in Alaska don't have to pay fees to practice in Washington.

[8:40:47 AM](#)

MS. CHAMBERS reminded committee members that license fees cover the costs of operation for all professional boards in Alaska. She said that in any program, whenever there's an unlicensed practice concern, the licensees have to cover that cost. The bigger picture, she said, is that there's no mechanism to recover costs, which is something that has been brought before the legislature in the past. She said that HB 44 contains a provision that the board may require that disciplinary costs against an out-of-state licensee be covered by the defendant, but other mechanisms would need to be included for the board to have the ability to receive funding. She stressed that licensees pay the costs of all investigations, whether or not the individual is licensed. She said the proposed legislation would give the board more authority than that which is specified under current law, allowing the "good actors" to face less bureaucracy, along with stronger language and oversight for the "bad actors."

[8:43:48 AM](#)

REPRESENTATIVE KAUFMAN asked how many states are aligned in similar processes.

MS. CHAMBERS pointed out that Ms. Tarver testified that 30 states are already part of the network.

REPRESENTATIVE KAUFMAN asked, "In the 30 other states that are operating under this model, do we have indications of serious problems - upon adopting this, have they spun out of control?"

MS. CHAMBERS responded that other states have reported that they have not had any problems out of the ordinary. They have reported, she said, that the model reduces bureaucracy without forgoing jurisdictional authority.

REPRESENTATIVE KAUFMAN asked Ms. Chambers what she thinks of the proposed legislation in its current form.

MS. CHAMBERS responded that the proposed legislation would be a good move for Alaska and would help keep Alaska, and Alaskan firms, competitive with firms in other states.

[8:47:30 AM](#)

REPRESENTATIVE SNYDER asked for documentation on the lack of problems experienced by other states.

MS. CHAMBERS responded that CBPL will work with AICPA on documentation.

[8:48:18 AM](#)

REPRESENTATIVE SCHRAGE asked for more discussion on the issue of enforcement costs being paid for by license fees.

MS. CHAMBERS explained that CBPL oversees 43 licensing programs and 21 boards, and that each program and board is funded by fees from its licensees. She stressed that when someone is practicing without a license, the licensees cover the costs of investigations. She said that investigations and appeals, which can go all the way through the court system, sometimes cost as much as \$100,000, which must be covered by licensees. She said, "When you hear complaints about licensing fees ... if the fees go up, that's often because there is a very expensive investigation and disciplinary action and appeal of that, that licensees are required by state law to cover - not the bad actor." She said that CPBL would enjoy the opportunity to look at legislation to make the system fairer to those licensees who are practicing in accordance with their licenses.

REPRESENTATIVE SCHRAGE discussed the possibility of legislation allowing boards to recoup investigation fees from defendants who are found guilty. He expressed that the national database would provide transparency in the case of a "bad actor" who moves from state to state.

MS. CHAMBERS stated her agreement with his comment about the national database, pointing out that the database currently exists and is utilized by the State Board of Accountancy.

[8:52:42 AM](#)

CO-CHAIR FIELDS asked Ms. Chambers to talk about enforcement of the provisions under HB 44.

MS. CHAMBERS said:

"We don't feel the bill needs any enforcement augmentation, just the fee recovery model, and if

we're able to accomplish that with this bill, that would be great ... we currently don't have a problem, don't see a problem, and are not hearing from other jurisdictions that this is a problem."

CO-CHAIR FIELDS asked whether Ms. Chambers was referring to fee recovery when she mentioned possible additions to the proposed legislation.

MS. CHAMBERS said yes.

[8:53:47 AM](#)

CO-CHAIR FIELDS suggested looking at the possibility of an addition to the proposed legislation to address fee recovery.

[8:55:12 AM](#)

CO-CHAIR FIELDS opened public testimony on HB 44.

[8:55:30 AM](#)

SPACIA STRALEY, CPA, stated her support for HB 44 as the owner of a small accounting firm in Alaska.

[8:56:08 AM](#)

KELLY WARD, CPA, Robinson and Ward, stated her support of HB 44.

[8:56:44 AM](#)

KAREN TARVER, CPA, Elgee Rehfeld, LLC, stated that she "wholly supports" HB 44, and she shared her appreciation for committee members who are working to ensure that the proposed legislation "gets it right." She pointed out that AICPA has a website that addresses firm mobility and contains resources regarding the experience of other states.

[8:57:40 AM](#)

CO-CHAIR FIELDS, after ascertaining that no one else wished to testify, closed public testimony on HB 44.

[HB 44 was held over.]

HB 176-DIRECT HEALTH AGREEMENT: NOT INSURANCE

8:58:00 AM

CO-CHAIR FIELDS announced that the next order of business would be HOUSE BILL NO. 176, "An Act relating to insurance; relating to direct health care agreements; and relating to unfair trade practices."

8:58:21 AM

CRYSTAL KOENEMAN, Staff, Representative Sara Rasmussen, Alaska State Legislature, on behalf of prime sponsor Representative Rasmussen, told committee members that direct primary care (DPC) agreements would encompass all of the healthcare profession licenses under Title 8, including doctor's visits, mental health counseling, or marriage and family counseling. She clarified that the agreements would not include emergency services or urgent care.

9:00:18 AM

JAY KEESE, Executive Director, Direct Primary Care Coalition, presented a PowerPoint on HB 176 [hard copy included in the committee packet]. He said the Direct Primary Care Coalition represents approximately 1,500 direct primary care practices nationwide, and he noted that 35 states have passed legislation relating to direct primary care agreements. He began his presentation with slide 2, "Status of Direct Primary Care in 2021," which displayed a map of the U.S. with green, red, and blue points in various jurisdictions and which read as follows [original punctuation provided]:

- Capitated Monthly Fee Payment model
- Personal relationship with primary care physician
- Care delivered in any setting - virtual, telehealth, at home, in-person
- Innovative, affordable, value-based monthly payment model • Over 1,400 practices nationwide
- Bipartisan Legislative History:
 - Defined in ACA Section 1301 (a) (3)
 - 30 + Bipartisan State Laws and Regulations
 - CMS Innovation Center to demo Direct Contracting in Medicare
 - Presidential Executive Order 13877

- IRS Proposed Rule 2020 - 12213
- Primary Care Enhancement Act: S. 2999 Cassidy HR 3707 Blumenauer passed House in 2018, Included in original CARES Act

MR. KEESE presented slide 3, "DPC Laws/Regs Passed in 34 States," which displayed a map of the U.S. showing states with DPC laws in place or proposed, along with a list of the governing legislation in each state. He then presented slide 4, "DPC Reduced Overall Cost of Care," which read as follows [original punctuation provided]:

25.4% reduction in total claims costs**
4.7% reduction in risk scores

ER Visits down **53%*****
 Advanced Radiology down **66%**
 Surgeries down **77%**

Hospital admission down **33%***
 Specialist visits down **43%**
 Non-MD Specialists down **39%**
 Primary care visits up **133%**

12% reduction from baseline HBA1C
Up to 41% reduction in cost of care for chronically ill patients Increased compliance for preventive screenings

Why?

- More primary care utilization
- Reduction in specialty care /hospitalization
- Reduced overall health costs
- Reduced out of pocket costs for consumers
- Predictable fixed costs for employers/payers
- Significantly reduced administrative costs - *no claims, no disputes, no appeals*

Data Sources:

- * Iora Dartmouth Health Connect Study June 2016
- ** Nextera/Digital Globe Case Study June 1 - Dec. 31, 2015
- *** Journal American Board of Family Medicine , Nov. 2015 - Qliance employer claims data set 2011-13

MR. KEESE presented slide 5, which read as follows [original punctuation provided]:

DPC is associated with a reduction in overall member demand for health care services outside primary care:

- 19.90% lower claim costs for employers 40% fewer ER visits than those in traditional plans. 53.6% reduction in ER claims cost.
- 25.54% lower hospital admissions on an unadjusted basis.

Virtual Care and Telehealth are at the core of DPC service offerings:

- 99% of all DPC practices surveyed were doing virtual consults via text/phone as a part of the membership fee (two years prior to COVID-19).
- 88% said they provided "telemedicine" benefits (meaning expanded video or additional digital communications assets).

DPC is Affordable Primary Care

- The average adult monthly DPC Fee is \$73.92.
- Median age for DPC patient was 31.8 years old
- Concierge patients in MDVIP membership \$1,650 - \$2,200 annual membership fee MDVIP also bills third-party payers for all services provided to members.

[9:06:47 AM](#)

REPRESENTATIVE SNYDER referred to the map on slide 2 and asked what the colored circles represent.

MR. KEESE explained that green indicates providers that offer only DPC agreements, red represents practices that offer DPC, and the blue and yellow represent practices that offer some combination of DPC and fee-for-service arrangements.

REPRESENTATIVE SNYDER referred to slide 3 and asked about the color legend.

MR. KEESE noted that the map is out of date. He said the states in blue - Alaska, Minnesota, Wisconsin, Maryland, and the District of Columbia - all have pending DPC legislation. He said that the states in blue and green stripes - Colorado, Oklahoma, Missouri, Iowa, Indiana, and Tennessee - are amending existing legislation. He said the states in gray do not have a law in place, either because there already exist statutes which would render DPC-specific legislation redundant, or because the states just haven't proposed the legislation.

9:10:00 AM

REPRESENTATIVE SCHRAGE acknowledged that offering a subscription model makes sense from a business standpoint. He then asked whether capacity has been an issue, and whether there is a remedy for patients who are not able to book an appointment for care due to capacity.

MR. KEESE replied that DPC providers usually have a smaller patient panel compared to fee-for-service providers. He said that he doesn't know of any capacity issues.

9:12:41 AM

CLINT FLANAGAN, MD, Chief Executive Officer, Nextera Healthcare, expressed his agreement with Mr. Keese's statement that capacity has not been a problem. He described the problems inherent with the fee-for-service model, such as having to wait up to a month for an appointment, that don't exist with the DPC model. He said that fee-for-service practices often have a patient roster of several thousand, while DPC practices have a patient roster of between 500 and 1,000. He said, "Access and time are definite pillars of direct primary care ... as a movement that was created by physicians that solve problems in a fee-for-service insurance model, we want to make sure our patients have that access." He pointed out that DPC agreements are month-to-month, and that if a patient is dissatisfied with the agreement, it can be terminated.

9:14:45 AM

REPRESENTATIVE SCHRAGE asked whether the monthly agreement is required, or whether there could be a longer minimum commitment.

MS. KOENEMAN responded that the proposed legislation has been written so that providers could determine their own parameters, and consumers could shop for the DPC agreement that best fits their needs.

CO-CHAIR FIELDS asked who stands to benefit from a DPC agreement, and what types of consumer protections should be considered. He said, "If you have a direct primary care agreement, and you still have to pay for health insurance for your higher costs, how is that going to work in Alaska with the plans that are out there?"

9:17:05 AM

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community, and Economic Development, answered that it's the opinion of the Division of Insurance that there is a benefit to DPC agreements. For example, she said, a young couple that has a health care plan with a deductible of \$20,000 might still want regular primary care checkups. She said that they could pay \$100 per month for a DPC agreement and receive primary care for non-serious ailments without having to use their insurance. She pointed out the possibility of insurance companies canceling someone's insurance due to the existence of a DPC agreement, and she said that consumers deserve a way to have complaints heard.

CO-CHAIR FIELDS asked whether the view is that DPC agreements would primarily benefit those with high-deductible insurance plans or people who "choose" not to have health insurance.

MS. WING-HEIER replied, "That's correct." She said many young people have high-deductible plans, some people utilize health sharing ministries, and it's possible that people who are on Medicare may still be able to remain under the care of their long-term providers.

CO-CHAIR FIELDS asked whether a DPC agreement would work for a family physician in Anchorage.

MS. WING-HEIER responded that there has been interest over the years from clinics in Anchorage and Fairbanks.

CO-CHAIR FIELDS asked whether there exists evidence from other states that suggest that establishing such legislation tends to have an impact on the availability of family physicians.

MS. WING-HEIER replied that there has been concern about what would happen to Medicaid or lower-income patients if every physician used a fee-for-service model.

9:21:16 AM

CO-CHAIR SPOHNHOLZ asked how DPC agreements could relate to Affordable Care Act (ACA) provisions.

MS. WING-HEIER said, "In some ways, they complement them." She said that an insurance company cannot credit an individual for buying a DPC agreement, and that insurance would still be

required to provide the 10 essential health benefits under ACA. She said that someone cannot negotiate a different health insurance plan simply due to the existence of a DPC agreement.

CO-CHAIR SPOHNHOLZ asked what some possible side boards would be.

MS. WING-HEIER expressed that discrimination due to health status needs to be addressed, and that providers should be able to cap the number of patients they have. She said that consumers would need to be clear that a DPC agreement doesn't take the place of insurance.

CO-CHAIR SPOHNHOLZ noted the importance of transparency.

[9:24:35 AM](#)

CO-CHAIR SPOHNHOLZ pointed out that the proposed legislation doesn't limit what types of health care may use DPC agreements. She asked Dr. Flanagan whether his practice limits DPC agreements to primary care.

DR. FLANAGAN responded that the focus was originally to form a model for patient care that was better than the fee-for-service model. He said that nationwide, Nextera has family medicine, internal medicine, and pediatric doctors, as well as other specialties; in Colorado, clinics include specialists in orthopedics, cardiology, endocrinology, and rheumatology.

[9:27:22 AM](#)

REPRESENTATIVE KAUFMAN referred to slide 4 of Mr. Keese's PowerPoint, and he asked for an explanation of "risk scores."

MR. KEESE explained that the numerous benefits that come from utilization of DPC agreements result in lower levels of risk to involved organizations such as employers and insurance companies. He said liability insurance providers has looked at the benefits of DPC agreements, and that insurance companies see the agreements as "insurance against using your insurance."

REPRESENTATIVE KAUFMAN asked whether there exist metrics on the difference between the time spent with patients versus time spent on administrative tasks.

MR. KEESE said that there is "virtually no administration" for practices with DPC agreements, versus an average of 40 percent

for fee-for-service providers. He said that the process of working with insurance companies in filing the claim, then trying to get paid, then appealing a denied claim, doesn't exist in the DPC model.

[9:32:11 AM](#)

REPRESENTATIVE SNYDER asked about the attributes of fee-for-service users versus DPC users, and whether those attributes change after a DPC model is in place.

DR. FLANAGAN said that change is observable. He said that in a fee-for-service model, a doctor sees one patient every 10 to 15 minutes; the appointment is often for the single, annual checkup; and care is limited by what the insurance plan will cover, so a patient with a chronic illness such as diabetes won't return to the office for a follow-up because of the cost concern. In contrast, he said, DPC patients can be seen six to seven times per year, either in the office or through telemedicine, and a deeper relationship develops between the patient and providers. He shared that his clinic happens to currently be doing a high number of sports physicals for children, and one child was also having some issues with anxiety and depression. The clinic is doing follow-up visits with the child through video chat, at no additional cost to the parents. In a fee-for-service model, he said, those visits may never have happened, because his parents have a high-deductible health plan. He would have gotten his sports physical through the school instead of through his own doctor, and because the financial barrier is removed, his other health issues are being addressed.

[9:36:43 AM](#)

CO-CHAIR FIELDS opened public testimony on HB 176.

[9:37:09 AM](#)

CLINT FLANAGAN, MD, Chief Executive Officer, Nextera Healthcare, stated his support for HB 176 and commented that doctors in DPC practices call themselves "happy doctors," because the challenges inherent to the fee-for-service world are removed. He said that happy doctors have happy patients and, because 87 percent of Nextera Healthcare's clientele are employers, the employers are happy. He commented that his fee-for-service colleagues are "burned out."

[9:38:14 AM](#)

WADE ERICKSON, MD, Owner and Founder, Capstone Clinic, stated his support for HB 176. He shared that there is a standard in the American Academy of Family Practice called "quadruple aim," which is to increase access, reduce costs, improve quality of care, and improve physician quality of life. He said that DPC agreements would help accomplish that aim. He said that his practice, which has been in business for 20 years, currently sees administration taking up 50 percent of its time, which would be greatly improved through the use of DPC agreements. Regarding the concerns mentioned earlier in the meeting regarding access and capacity, he said that access is an issue with fee-for-service providers, and that the market would determine access.

[9:40:41 AM](#)

BETHANY MARCUM, Chief Executive Officer, Alaska Policy Forum, stated the Alaska Policy Forum's support for HB 176 and said that she can personally attest to the benefits of the DPC model. She said that her access to her provider is unlimited, she pays \$75 per month, and that he does not bill insurance for her care. She pointed to studies that found that, when county employees were offered a DPC benefit option, there was a 99 percent satisfaction rate with a 26 percent decrease in monthly costs compared to employees covered by regular insurance. She said that members reported spending almost twice the amount of time with their physician, and 79 percent of patients reported that their health improved. A 2020 case study, she said, found that emergency room visits by DPC patients were 40 percent lower than those with a standard model of insurance. She said that the DPC model has the ability to transform the healthcare landscape in Alaska.

[9:42:57 AM](#)

ROSE LARSON stated her support for HB 176. She said that she is an independent contractor and business developer, and often works with businesses that experience difficulty in insuring their employees.

[9:44:17 AM](#)

CO-CHAIR FIELDS asked how Ms. Larson found out about the DPC model.

MS. LARSON replied through the Young Republican Party.

[9:44:26 AM](#)

OAKLEY JACKSON testified in support of HB 176. She said that it's difficult to find health insurance that is both affordable and worth the cost, so being able to access primary care would be good for the younger community.

CO-CHAIR FIELDS asked whether she would buy a DPC plan or health insurance.

MS. JACKSON said she would pursue a DPC plan over regular health insurance because of the flat rate and the level of support afforded by DPC agreements. She said many people don't go to a doctor unless they're dying, due to the excessive costs.

CO-CHAIR FIELDS asked whether she thinks \$1,200 per year is affordable.

MS. JACKSON said, "Overall, absolutely."

[9:46:59 AM](#)

CO-CHAIR SPOHNHOLZ asked whether she has tried to get health insurance.

MS. JACKSON replied yes.

CO-CHAIR SPOHNHOLZ asked whether she looked on the ACA marketplace.

MS. JACKSON replied that plans on the marketplace ranged from \$450 to \$600 per month. She said that she can't afford health insurance, so she deals with any health issues on her own.

CO-CHAIR SPOHNHOLZ asked whether she is eligible for any subsidies on the ACA marketplace, and she said that the average Alaskan pays \$80 per month, due to subsidies.

MS. JACKSON replied that she hasn't had that option.

[9:48:13 AM](#)

PORTIA NOBLE testified in support of HB 176. She shared her personal experience with DPC in another state and said that she received consistent care that focused on health, supplemental

nutrition, exercise, and long-term wellness. She said that she never had any anxiety regarding the cost of the service. "Lower cost, more access, gave me more choice and control of health care for my daughter and I," she said. She said that she valued the sense of privacy within the DPC agreement, having vetted her own provider instead of having to select from in-network providers and have a third party involved in her health care.

[9:51:00 AM](#)

SARAH HETEMI testified in support of HB 176. She said that as a young professional, she knows how hard it can be to find good insurance, and that self-employed Alaskans would love to have affordable medical care for themselves and their families. She said DPC agreements would expand access to services while increasing the quality and lowering the cost of health care.

[9:53:38 AM](#)

REPRESENTATIVE MCCARTY asked whether Ms. Hetemi was saying that certain insurance companies require a patient to visit a doctor in their preferred network.

MS. HETEMI expressed confusion at the suggestion that she made that claim.

[9:54:24 AM](#)

CRYSTAL NYGARD, Deputy Administrator, City of Wasilla, testified in support of HB 176. She said that she has years of experience helping small business navigate health insurance and finding health care for herself and her family. She said that she has experienced "drastic" savings by simply asking how much a service costs, and that she has worked directly with providers and insurers on payments, navigating the red tape inherent in the system. She said that she has been a purchaser of health care plans for 25 years, and that health care is one of the top four expenses of small businesses.

[9:58:41 AM](#)

CO-CHAIR FIELDS, after ascertaining that no one else wished to testify, closed public testimony on HB 176.

[HB 176 was held over.]

HB 58-CONTRACEPTIVES COVERAGE: INSURE; MED ASSIST

9:58:49 AM

CO-CHAIR FIELDS announced that the final order of business would be HOUSE BILL NO. 58, "An Act relating to insurance coverage for contraceptives and related services; relating to medical assistance coverage for contraceptives and related services; and providing for an effective date."

CO-CHAIR FIELDS opened public testimony on HB 58.

9:59:11 AM

SERENE O'HARA JOLLY testified in support of HB 58. She said that her doctor recommended oral birth control and that, even though she had a prescription for one year, she was only able to access it one month at a time. She said that the medication worked, but that she had to tell her boss why she needed the entire day off to drive from an outlying area to a pharmacy. She said that no one should have to tell their boss their medical information in order to obtain an already-prescribed medication, and that she missed a day of work each month in order to fill a prescription that was deemed both safe and necessary. She said she has been told that limiting birth control refills to one month is necessary because of the perception that women lose their birth control pills, a claim she described as insulting, noting that she has been allowed multiple months of other medications by the same insurance company. She pointed out that she was lucky to live on the road system and to have an understanding boss.

10:02:02 AM

MORGAN LIM, Planned Parenthood Alliance Advocates, testified in support of HB 58. He noted that part of the Affordable Care Act mandate is that people have affordable access to contraceptive care. He said being forced into monthly refills is a burden for residents of Alaska, especially in the aftermath of COVID-19, and the risk of unintended pregnancy is increased. He said one in three women have reported difficulty in accessing consistent birth control during the pandemic.

10:03:39 AM

JAN CAROLYN HARDY testified in support of HB 58. She read a statement, which read as follows [original punctuation provided]:

Each year at my annual physical my doctor goes over my prescriptions with me to confirm use and efficacy. Each year if I still want or need the prescription my doctor issues a script for 12 months. Not one month, not six months. 12 months. This is this cost effective in that I do not need to meet with my doctor on a monthly basis or an every six month basis in order to get a refill of a standard, ongoing prescription.

Why should this procedure be any different for birth control prescriptions?

Can you imagine how costly, time consuming, and oftentimes impossible it is to meet with your doctor every month? Think of child care. Think of the expense of transportation. Think of unpaid time away from work. Think of access. If a patient lives in the villages where medical attention is negligible how could she possibly renew a prescription if required to meet with her doctor prior to receiving a script?

Limiting access to birth control is draconian. It is oppressive against a certain segment of our population.

Again, thank you for your attention. I am in support of HB 58.

[10:05:08 AM](#)

PATTY OWEN, Policy and Advocacy Committee, Alaska Public Health Association, testified in support of HB 58. She said HB 58 would improve health care by allowing access to prescribed medication and lowering direct health care costs, allowing individuals the ability to use contraceptives consistently and as prescribed.

[10:06:25 AM](#)

JACOB POWELL testified in support of HB 58. He said that he takes medication and was recently able to move from monthly refills to an extended period of time between refills, a change he described as "life-changing." He said that when he was having to refill every month, he would miss work or would have to scramble and pay out of pocket if he was out of state. He

said that it's ridiculous that women aren't able to access contraceptives consistently.

[10:07:47 AM](#)

HEIDI ZIMMER testified in support of HB 58. She said that she's disappointed, but not surprised, to be well into the twenty-first century and still be debating access to birth control. She said that birth control allows couples and families to make choices about family structure and timing, and that requiring monthly visits for refills is not feasible. She reminded the committee that contraceptives aren't dangerous, addictive, or sold on the black market, but are basic medical care that should be accessible.

[10:09:34 AM](#)

LYNETTE PHAM testified in support of HB 58. She said that passing HB 58 could help reduce the odds of unintended pregnancy. Those living in rural areas, or those who can't afford to travel monthly, would be helped by this legislation.

[10:10:31 AM](#)

CANDACE CAHILL testified in support of HB 58. She pointed out that many people in Alaska lack access to transportation, and that allowing consistent access to birth control would allow families to plan children while saving money in the long run.

[10:11:51 AM](#)

VALORRAINE DATTAN testified in support of HB 58. She described her health issues that are alleviated by hormonal birth control, and she spoke of the importance of allowing consistent access to prescribed medication.

[10:13:21 AM](#)

ELIZABETH FIGUS testified in support of HB 58. She said that she captains a commercial fishing boat out of Sitka, and working seven days a week makes it difficult to access care. Having to alter schedules for something as simple as a refill for prescribed medication is frustrating and unnecessary. She said that committee members should understand the importance of economic efficiency, and that HB 58 would save money and time. She stated that she has been testifying in support of the

proposed legislation since 2016, and that if it's not passed in 2021, she'll be back to testify again.

[10:15:23 AM](#)

KRISTIN MAHLEN testified in support of HB 58. She said that she spends her time fishing out of Cordova, and she expressed that it's important for women to access prescribed medication no matter where they are working. She said that family planning is important for everyone, including the state and insurance companies, and that consistent access to birth control lowers the risk of unintended pregnancy.

[10:16:55 AM](#)

GABE CANFIELD testified in support of HB 58. She said that safe access to birth control is important.

[10:17:39 AM](#)

CO-CHAIR FIELDS, after ascertaining that no one else wished to testify, closed public testimony on HB 58.

[10:17:50 AM](#)

REPRESENTATIVE NELSON asked for clarification on the fiscal note.

[10:18:12 AM](#)

LIZZIE KUBITZ, Staff, Representative Matt Claman, Alaska State Legislature, on behalf of Representative Claman, prime sponsor, deferred to Ms. Gayhart.

[10:18:31 AM](#)

RENEE GAYHART, Director, Division of Health Care Services, Department of Health & Social Services, said that the proposed legislation carries a neutral fiscal note. She said that women on Medicaid are currently eligible for either a one or three-month supply, the cost of which can be absorbed. She said that it's preferable to work on the cost of implementation, which she noted would be "zero," and look at claims on the back end for opportunities for cost avoidance.

REPRESENTATIVE NELSON pointed out the reference to mail order prescriptions on one of the fiscal notes.

MS. GAYHART replied that there are certain prescriptions that are available via mail, and that they would be eligible under HB 58.

REPRESENTATIVE NELSON said that the fiscal note seems to refer to a contraceptive available in a 90-day supply.

MS. GAYHART clarified that birth control pills may be received via mail.

[10:21:58 AM](#)

CO-CHAIR FIELDS announced that HB 58 was held over.

[10:22:20 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 10:22 a.m.